

From The Office Of:
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NEWS RELEASE

RELEASE P.M. NEWSPAPERS
THURSDAY, MARCH 19, 1959

The sale of stock in a corporation organized by a Brooklyn luncheonette owner to "participate in the industrial growth of the new State of Alaska" was enjoined today in an order obtained in Supreme Court, New York County, by Attorney General Louis J. Lefkowitz.

The order which was signed by Supreme Court Justice Thomas A. Aurelio, names Alaska Building Supply & Equipment Rental Corp. of 1456 East 5th Street, Brooklyn, and bars the corporation from engaging in the securities business in New York State. Myron B. Margulies, an owner of a Brooklyn luncheonette, president of the corporation, consented to the injunction, for the corporation.

According to the affidavit of Assistant Attorney General Carl Madonick, which is on file in the court, Margulies circulated a prospectus offering stock in the corporation during December, 1958. The affidavit charges that "the corporation was represented in the circular as 'dealing in building supplies and rental of equipment, primarily to do business in Alaska.' The complete lack of experience and background for so substantial an undertaking would imperil any money invested in this insubstantial enterprise."

The affidavit relates that "the president of the corporation testified that the corporation had a total of \$34 in its bank account.

"In addition, the corporation falsely represented in its offering circular that the securities were offered pursuant to an exemption from registration with the United States Securities Exchange Commission. No such exemption was ever granted to the defendant," the affidavit charges.

The affidavit also charges that the corporation failed to file a statement as a securities dealer with the New York State Department of Law as required by the Martin Act, the State securities law.

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From: Charles W. Stickle, Executive Assistant to the Attorney General
Cortlandt 7-9800, Extensions 7192, 7175 and 7187.